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No. 9070

IN THE

United States Circuit Court of Appeals

For the Ninth Circuit

Golden West Brewing Company (a corporation), *Appellant,* vs. Milonas & Sons, Inc. (a corporation), operating under the fictitious styles of "Willows Brewing Co." and "General Enterprise Co.", *Appellee.*	

BRIEF FOR APPELLANT.

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(All emphasis ours unless otherwise specified.)

STATEMENT OF THE CASE.

The bill in the instant case was filed December 17, 1935, for trademark infringement and unfair competition by reason of the unlawful use by the defendant-appellee of certain registered "Glow" trademarks of the plaintiff-appellant,* on beverages, particularly beer.

The cause arose in the Court of the Honorable Michael J. Roche, District Judge. Following the taking of considerable testimony on behalf of both parties,

*Hereinafter, the plaintiff-appellant will be referred to simply as "plaintiff" and the defendant-appellee as "defendant".

the following registered trademarks of plaintiff were held valid and infringed (for decree see R. 46-49):

Trademark "GOLDEN GLOW"
U. S. Registration No. 232,983
Dated September 20, 1927.

Trademark "GOLDEN GLOW"
U. S. Registration No. 322,361
Dated March 5, 1935.

Trademark "GLOW"
U. S. Registration No. 307,486
Dated October 24, 1933.

All of the foregoing registrations are directed to malt beverages and liquors (both alcoholic and non-alcoholic) and were found to have been duly adopted, registered and continuously used in interstate commerce by plaintiff.

His Honor, the trial judge, while finding validity and infringement and ordering an injunction to issue, however, refused an accounting and also refused to extend the injunction to cover non-alcoholic beverages. This appeal is limited in the main to those two specific items; such other assignments as we shall point to being incidental to the main one—that of "accounting".

ASSIGNMENTS OF ERROR.

Appellant specifically alleges:

(1) That the Court erred (R. 173) in denying the accounting to plaintiff for lost profits and for damages in consequence of the infringement of the three above

mentioned trademark registrations. (Assignments Nos. 2 and 6, R. 173-174.)

Incidental to this denial of accounting was the finding that defendant had adopted and used the "Alpen Glow" trademark in good faith and without wrongful or fraudulent intent, despite the fact that the Court had found plaintiff's trademarks to have been infringed by the defendant. (Assignment No. 4, R. 173.)

(2) That the Court erred in staying the injunction unreasonably to permit defendant to dispose of its stock on hand, thereby further damaging the plaintiff. (Assignments Nos. 1, 3 and 5.)

(3) That the Court erred in failing to decree that the marketing and sale of beverages by defendant under the mark "Alpen Glow" in competition with plaintiff constituted unfair competition. (Assignment No. 7.)

(4) That the Court erred in failing to decree the delivering up for destruction, all labels, wrappers and receptacles bearing the infringing mark. (Assignment No. 8.)

(5) That the Court erred in failing to enjoin the sale of beverages, other than malt beverages, bearing the mark "Alpen Glow". (Assignments Nos. 9 and 10.)

JURISDICTION.

This action, in the first instance, arises under and is founded upon the United States Statutes relating to trademarks and, in that respect, falls under the

Act of February 20, 1905, U. S. C. Title 15, Section 81. This Act provides, among other things, that the owner of a trademark used in interstate or foreign commerce may obtain United States trademark registration by complying with certain prescribed requirements established by the statute and by the Patent Office, and upon the entry of a decree for the wrongful use of a trademark "the complainant shall be entitled to recover" damages and profits.*

Jurisdiction of the charge of "unfair competition", here enjoined and arising from the same transaction under which the complaint for a trademark infringement is predicated, is founded on the controlling cases of *Hurn v. Oursler,* 289 U. S. 238, 77 L. Ed. 1148; *Armstrong v. Nu-Enamel Corp.,* ...... U. S. ......, 83 L. Ed. 183 (decided Dec. 5, 1938). To quote the latter, page 187:

> "Registration of 'Nu-Enamel' furnished a substantial ground for federal jurisdiction. That jurisdiction should be continued to determine, on substantially the same facts, the issue of unfair competition."

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*U.S.C.A., Title 15, Sec. 99 specifically provides:

"The several courts vested with jurisdiction of cases arising under this subdivision of this chapter shall have power to grant injunctions, according to the course and principles of equity, to prevent the violation of any right of the owner of a trade-mark registered under said sub-division, on such terms as the court may deem reasonable; and upon a decree being rendered in any such case for wrongful use of a trade-mark the complainant shall be entitled to recover, in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby, and the court shall assess the same or cause the same to be assessed under its direction. The court shall have the same power to increase such damages, in its discretion, as is given by section 96 of this chapter for increasing damages found by verdict in actions of law; * * *." (Sec. 19 of the Act.)

UNDISPUTED FINDINGS OF FACT.

THE PARTIES.

The following fundamental facts, found by the Court and regarding which there is no dispute and from which there has been no appeal, show (R. 32 et seq.):

THE PLAINTIFF: That plaintiff, a California corporation organized in 1910, and having its principal place of business at Oakland, California, was created as a result of the consolidation of five leading western brewing organizations, the oldest of which, Washington Brewery Company, Oakland, California, was founded in 1856. (R. 32.)

That about the year 1915 another brewery which had been in existence for forty years was merged with the plaintiff. (Finding I, R. 32.)

That plaintiff during all these years has been and now is engaged in the business of brewing and marketing malt beverages of legal alcoholic content as was from time to time permitted by law.

> "That the products of plaintiff have been marketed generally and extensively not only through the State of California, but in interstate commerce, especially throughout all the Western States of the United States, as well as Alaska, Hawaii, and the Philippine Islands." (Finding IV, R. 33.)

Further it was found:

> "* * * that through a long course of honorable dealing on the part of plaintiff and its aforesaid predecessors, and because of the excellence of plaintiff's products, plaintiff has acquired a valuable good will, with the result that for many years

last past the reputation and consequent demand for plaintiff's products have been extended to and now are well established throughout the territory of all the Western States of the United States, as well as Alaska, Hawaii, and the Philippine Islands." (Finding V, R. 33.)

PLAINTIFF'S "GLOW" MARKS.

Finding VI, R. 34, confirms plaintiff's ownership in various trademarks, the history of which is, briefly, as follows:

In June, 1925, plaintiff adopted the brand "Golden Glow" and its short phrase "Glow", and applied these words often in conjunction with the slogan "It's the After Glow", to malt beverages such as beer and ale ("near beer" during the prohibition period, until April 7, 1933, when beer of full alcoholic strength was legalized (R. 60)). "Golden Glow" was first registered in the United States Patent Office for non-alcoholic beverages on September 20, 1927, Registration No. 232,983. (Exhibit 1.)

Subsequently, a re-registration of the trademark was made to include specifically malt beverages, on March 5, 1933, Registration No. 322,361 (Exhibit 6); covering beer of alcoholic strength as legalized for sale commencing April 7, 1933. (R. 60.) On October 24, 1933, plaintiff registered in the United States Patent Office the broad, comprehensive trademark "Glow" as used on its products, Registration No. 307,486. (Exhibit 5.)

Various combinations of phrases, slogans and marks embracing and including the word "Glow" were secured from time to time by plaintiff as instanced by the following:

Trademark Registration No. 231,843 (Exhibit 2)
Dated August 30, 1927

"IT'S THE AFTER GLOW".

Trademark Registration No. 231,843 (Exhibit 3)
Dated August 30, 1927
Combination: "Golden Glow" and "It's the After Glow".

Trademark Registration No. 307,484 (Exhibit 4)
Dated October 24, 1933
"IT'S THE AFTER GLOW".

The last named registrations were found valid but not infringed. (Conclusion IV, R. 44.)

The Court further found, and in which finding the defendant has likewise acquiesced by not taking an appeal, that plaintiff has complied with the statute by marking its beer labels with the legend "Reg. U. S. Pat. Off." since as early, at least, as March 1, 1934. (Finding VII, R. 35.)

LARGE INTERESTS AT STAKE.

Further, it was found and from which no appeal has been taken "that since the year 1925 plaintiff has done a business in the manufacture and sale of beer and ale (including near beer during the Prohibition era), under said 'Golden Glow' trademark, in excess of Twelve Million Eight Hundred Thousand Dollars ($12,800,000.00), representing a volume of Twenty-three Million Two Hundred Fifty-three Thousand (23,253,000) gallons, and has expended in advertising its said products under said trademark 'Golden Glow', a sum in excess of Six Hundred Thirty Thousand Dollars ($630,000.00). (Tr. 35-36.) Further, that at the present time Sixty-five per cent (65%) of all of plaintiff's beverages bear the crown cap 'Glow' ". (See Exhibit 24, R. 73.)

A further undisputed finding is:

> "That by reason of the excellence of the quality of the malt beverages of plaintiff and of its predecessors in interest, extending over a long period of time, there has been created a valuable good-will in connection therewith, particularly in the aforesaid trademarks of plaintiff under which its products are and have been marketed; that the trademark or trade name or names 'Golden Glow', and 'It's the After Glow', as applied to malt beverages having not over the legal alcoholic content, have long been definitely identified with the plaintiff; and that said malt beverages are sold in grocery and other stores, and have, by reason of their long identification with plaintiff, come to mean, and for many years last past have meant, in the grocery trade and among the public who have occasion to buy such goods, that such products bearing said trademarks, are the products of plaintiff and of no one else." (Finding IX, R. 36.)

DEFENDANT: The undisputed facts concerning the defendant as found by the trial Court, beginning R. 32, are:

"That the defendant, Milonas & Sons, Inc., is a California corporation, chartered on or about September 13, 1934, succeeding to partnership known as Milonas & Sons, said corporation having a regular and established place of business at 1960 Folsom Street, in the City and County of San Francisco, State of California, and carrying on said business under the fictitious name and style of General Enterprise Company and Willows Brewing Company." (Finding II, R. 32.)

Also:

"That defendant, with knowledge of plaintiff's trademark 'Golden Glow' on near beer, adopted the name 'Alpen Glow' for beer and applied it to beer (a malt beverage); and that since April 7, 1933, defendant has continuously sold beer in interstate commerce under its 'Alpen Glow' label and designation." (Finding X, R. 37.)

Also:

"That the defendant is not a manufacturer or brewer of beer, but is a distributor for beer of other concerns (one of which is Schlitz Beer), and also packages beer and non-alcoholic beverages under its own label 'Alpen Glow'. It has its beer manufactured for it by others and more especially by the San Francisco Brewery, formerly Milwaukee Brewing Company of San Francisco; defendant supplying the labels to be placed by the manufacturer upon said beer and later sold by defendant as defendant's 'Alpen Glow' beer." (Finding XI, R. 37.)

Also:

"That the president of defendant corporation had known of plaintiff's 'Golden Glow' trademark on beer from a date prior to defendant's incorporation on September 13, 1934 and had known of the use of said 'Golden Glow' trademark on near beer prior to the repeal of Prohibition." (Finding XII, R. 37.)

Also:

"That the corporate defendant's predecessor in business, to-wit, the partnership of John Milonas & Sons, commenced the selling of beer on April 7, 1933, immediately when it became legal to sell beer of recognized full alcoholic strength, and applied thereto, on said date, the trademark 'Alpen Glow', and has continued to use said mark on beer since said date, in sales in interstate and intrastate commerce." (Finding XIII, R. 38.)

The Court further found concerning the facts relating to the adoption by defendant of its offending mark as follows:

"That the facts relating to the adoption by defendant's predecessor of the Trademark 'Alpen Glow' are that in 1932 John Milonas, a member of the partnership which was defendant's predecessor, and who is present president of the corporate defendant, decided to enter the beer business when and if it became legal to sell full-alcoholic-content beer. In December, 1932, he went to a label-maker, Louis Roesch & Co., and discussed with Mr. Roesch the making of labels and a name to be used on the beer. Louis Roesch & Co. was at that time manufacturing 'Golden Glow' labels for plaintiff. Mr. Louis Roesch of that company showed Mr. Milonas a large number of sample labels, including a label for 'Alpenweiss' beer, and suggested that Mr. Milonas adopt and employ the name 'Alpen Glow'. Mr. Milonas, at the suggestion of Mr. Roesch looked up the word 'Alpen Glow' in the dictionary, and decided to adopt it. In December, 1932, he had Jackson & Webster make a trademark search for him as to the availability of the mark 'Alpen Glow' for registration in the Patent Office, the report thereon being that the mark 'Alpen Glow' was available as a trademark for malt beverages (at that time near beer). Louis Roesch & Co. then made a proof of a proposed 'Alpen Glow' label. In February, 1932, and prior to any use by defendant of the 'Alpen Glow' label on goods in commerce, Milonas called on Mr. Carl S. Plaut, who was then General Manager of the plaintiff, Golden West Brewing Company. Milonas had been referred to Mr. Plaut by a San Francisco bank, which had installed Mr. Plaut as General Manager of plaintiff's brewery. Milonas requested said General Manager Plaut to give him a distributor's right to distribute 'Golden Glow' beer in San Francisco, and also requested that the plaintiff corporation pack beer for him under his own 'Alpen Glow' label. Milonas exhibited his 'Alpen Glow' label to said General Manager, who told Milonas the label looked nice, and was an attractive label for beer. Said General Manager made no objection to the use of the 'Alpen Glow' label, nor did he approve it. The plaintiff, Golden West Brewing Company, refused to make Milonas a distributor for 'Golden Glow' beer in San Francisco, and said company also declined to pack beer for him under his 'Alpen Glow' label. Milonas then made arrangements with the Milwaukee Brewery (now the San Francisco Brewing Co.) to pack his beer under the 'Alpen Glow' label. The date when full-alcoholic-

> content beer became legal is stipulated as April 7, 1933; that since said date of April 7, 1933, the sales of Milonas, and his successor, defendant herein, have been continuous." (Finding XIV, R. 38-40.)

(Plaintiff does not entirely accept the Milonas version of his relations with Plaut and Roesch but the variations may be and probably are of minor importance, although these discrepancies will be pointed out later in considering the good faith or lack of good faith of the defendant.)

The Court further made the significant and unchallenged finding:

> "That defendant by its use of the mark 'Alpen Glow' designating its beverages has used a phrase which was likely to mislead the public, and to take advantage of and to trade unlawfully on plaintiff's name and reputation; and that said possible deception and misrepresentation of defendant may have created confusion in the trade by giving the public the wrongful impression that the defendant's products originate from plaintiff, and defendant may have led the public to believe that the goods sold by it were those of the plaintiff." (Finding XIX, R. 41.)

"Price cutting" by defendant was another fact found by the Court and admitted by defendant. (Find-XX, R. 41.)

The Court further made these significant findings:

> "That the dominant feature of plaintiff's marks, as well as of defendant's mark 'Alpen Glow', is the word 'Glow'. (Finding XXI, R. 41.)

> "That defendant in seeking its registration for 'Alpen Glow' in the United States Patent Office represented to the Commissioner of Patents that as to the trademark 'Alpen Glow', 'the word "Glow" is basic' and 'moreover the word "Alpen" is an adjective and is not the prominent word feature'." (Exhibit 23, Paper No. 7.) (Finding XXII, R. 42.)
>
> "That the defendant's mark 'Alpen Glow' is confusingly similar to plaintiff's mark 'Golden Glow' in the predominating word 'Glow' and the said mark of plaintiff and the aforesaid registration thereof are valid and infringed." (Finding XXIV, R. 42.)

It was further found by the Court:

> "That the plaintiff began using the mark 'Glow', standing alone, on April 7, 1933; that the defendant began using its mark 'Alpen Glow' on April 7, 1933. That the plaintiff had on March 18, 1933, ordered from Western Stopper Company thirty thousand (30,000) gross (four million three hundred twenty thousand—4,320,000) of 'Glow' crown caps at a cost of six thousand five hundred twenty-five dollars ($6,525.00); the first of which were delivered to plaintiff on April 1, 1933 (Tr. 147; Exhibit 35); that by defendant's Exhibit X (Tr. 82), defendant ordered its first 'Alpen Glow' labels from Louis Roesch March 20, 1933, and received its first shipment of said labels April 3, 1933." (Finding XXV, R. 42.)

Among the conclusions of law on which the decree is based and from which there has been no appeal, we call the attention of this Court to the following:

> "That plaintiff's Trademark 'Glow' and the registration thereof in the United States Patent Office are valid and infringed." (Conclusion IV, R. 44.)
>
> "That plaintiff's Trademark 'Golden Glow' and registrations thereof in the United States Patent Office, Certificates No. 232,983 and No. 322,361, are valid and are infringed by defendant's use of the word 'Glow' in the mark 'Alpen Glow' on beer." (Conclusion V, R. 44.)

In spite of all of the foregoing findings of deliberate infringement and in the face of full notice of plaintiff's rights in the premises, the trial Court decreed (R. 48):

> "That an accounting to plaintiff for profits or damages is denied." (Conclusion VI, R. 48.)

The Court also stayed the injunction from June 15, 1938, to September 30, 1938, to enable "defendant to use up and dispose of its present inventory of goods, containers, labels and bottle caps bearing the mark 'Alpen Glow' " (Conclusion V, R. 48) and also limited the injunction to "malted beverages". (Conclusion V, R. 48.)

THE QUESTIONS BEFORE THIS COURT.

Thus we have the following main questions presented here before this Honorable Court:

(1) Where a business concern of long standing has built up an enviable good will in a trademark, can a competitor, and particularly a newcomer into the field,

adopt an infringing mark, deliberately and with full knowledge and notice of the prior rights of the first comer into the field, and effectively escape the consequences of his wrongful act by not having to account for his gains and profits and the losses suffered by the original owner of the mark under circumstances presented by the conclusively-established findings quoted above?

(2) More specifically, where a finding of infringement has been made, and concerning which there is no dispute, can a defendant who has wilfully and deliberately infringed on a large scale and over a number of years, escape all accounting for profits and damages in the absence of any contentions or findings of laches, or other excusable grounds?

(3) It having been shown that plaintiff adopted and used these trademarks first in connection with non-alcoholic beverages, later extending the use to malted beverages of legal alcoholic content when the same became lawful, can plaintiff be deprived of a right to an injunction for the use of the trademarks by defendant on non-alcoholic beverages when it is established that defendant has infringed by the use of the identical mark on malted beverages?

RE ACCOUNTING.

In seeking a reason for the trial Court's denial of plaintiff's right to an accounting under all the circumstances, we naturally look for authority.

Any discussion of the question of accounting necessarily includes a consideration of those exceptions which would excuse an accounting. We presume that the Court's refusal was predicated on two assumptions:

(1) That there was no fraudulent intent on the part of defendant when it adopted its mark. In other words, that it adopted its infringing mark innocently and, therefore, was not to be held to the natural consequences of its own act; and

(2) That non-alcoholic beverages are not "of substantially the same descriptive properties as those set forth" in the registrations of plaintiff.*

MOTIVE OF NO CONSEQUENCE.

As the Supreme Court said in a case where an accounting was denied on account of notorious laches, *McLean v. Fleming*, 96 U. S. 245, 253:

> "Positive proof of fraudulent intent is not required where the proof of infringement is clear, as the liability of the infringer arises from the

*"Sec. 16. That the registration of a trade-mark under the provisions of this act shall be prima facie evidence of ownership. Any person who shall, without the consent of the owner thereof, reproduce, counterfeit, copy, or colorably imitate any such trade-mark and **affix the same to merchandise of substantially the same descriptive properties as those set forth in the registration**, or to labels, signs, prints, packages, wrappers, or receptacles intended to be used upon or in connection with the sale of **merchandise of substantially the same descriptive properties as those set forth in such registration**, and shall use, or shall have used, such reproduction, counterfeit, copy, or colorable imitation in commerce among the several States, or with a foreign nation, or with the Indian tribes, shall be liable to an action for damages therefor at the suit of the owner thereof; and whenever in any such action a verdict is rendered for the plaintiff, the court may enter judgment therein for any sum above the amount found by the verdict as the actual damages, according to the circumstances of the case, not exceeding three times the amount of such verdict, together with the costs." (Trademark Act—1905.)

> fact that he is enabled, through the unwarranted use of the trade-mark, to sell a simulated article as and for the one which is genuine."

The Supreme Court in conclusion, in then denying plaintiff's normal right to an accounting on the grounds of delay in asserting his rights, gave, perhaps, the foundation for Judge Roche's decision denying an accounting here. The language of the Supreme Court referred to is as follows:

> "Relief of the kind is constantly refused, even where the right of the party to an injunction is acknowledged because of an infringement, as in case of acquiescence or want of fraudulent intent. * * *
>
> "Acquiescence of long standing is proved in this case, and inexcusable laches in seeking redress, which show beyond all doubt that the complainant was not entitled to an account nor to a decree for gains or profits; but infringement having been proven, showing that the injunction was properly ordered, he is entitled to the costs in the Circuit Court; * * *."

FRAUD PRESUMED FROM CONDUCT.

As was said by Judge Hawley, speaking for this Court in *Fairbank v. Luckel,* 102 Fed. 327 (9 C. C. A.), at pages 330-331:

> "The law is well settled that in suits of this character **the intention of the respondent in adopting the style of package or choosing a name for a similar product, is to a certain extent**

immaterial. It is not essential to the right of complainant to an injunction to show absolute fraud or willful intent on the part of the respondent. Upon familiar principles, **it will be presumed that the respondent contemplates the natural consequences of its own acts.** If the acts of respondent in the adoption of the name of 'Gold-Drop' constituted an infringement of the trade-mark or trade-name of the complainant, and it was put on the market in such a manner as to interfere with the legal rights of complainant, to its loss and injury, it would be **entitled to an injunction, irrespective of the question of any testimony as to actual fraud or willful intent.** The court must determine the intent from respondent's acts and the results produced thereby. R. Heinisch & Sons v. Boker (C. C.) 86 Fed. 766, 769."

Further, said the Court (pp. 331-332):

"**Many precautions were taken by respondent to avoid imitating complainant's label.** Is it not peculiarly significant that no efforts whatever were made in this direction with reference to the selection of a name totally dissimilar from that of 'Gold Dust'? Why was 'Gold Drop' selected? **There were plenty of other names that were short and easy to remember.** Other manufacturers of washing soap had found no difficulty in this regard: for instance: 'Pearline'; 'Babbit, 1776', etc. When these facts are considered, is it not reasonably clear that in selecting 'Gold Drop', which conveys to the mind so close an imitation of 'Gold Dust', there was some intention or design upon the part of respondent to impose 'Gold Drop' upon the public as that of 'Gold Dust', or, at least, to obtain some advantage or benefit from complainant's advertised trade-name 'Gold Dust'? Was not this result accomplished whether so intended or not?"

This Honorable Court recently found and held in *Brooks v. Great Atlantic & Pacific Tea Co.*, 92 Fed. (2d) 794, 796, that no element of wilfullness, intention, or fraud is necessary for recovery in a trademark infringement action.

And, further, said the Court, page 796:

> "However, neither wilfullness nor fraudulent intent is necessary to the relief sought." (See authorities cited infra.)

"Recovery" and "relief", we understand, includes the recovery for damages and profits.

In *Feil v. American Serum Co.*, 16 F. (2d) 88 (8 C. C. A.), it was held (p. 90):

> "The complainant notified the defendant in writing of his registered trade-mark, and requested it to cease its infringement, and it declined to do so. In suits for infringement of registered trade-marks, where the defendant has refused on notice to cease the use of an infringing device and has continued to infringe, **neither a fraudulent intent to injure the complainant nor an actual misleading of the public need to be proved. They will be and are presumed.** Lawrence Mfg. Co. v. Tennessee Mfg. Co., 138 U. S. 537, 548, 549, 11 S. Ct. 396, 34 L. Ed. 997; Church & Dwight Co. v. Russ (C. C.) 99 F. 276, 279."

See also:

Broadway v. Winchester Co., 300 Fed. 706 (2 C. C. A.);

Wisconsin Elec. Co. v. Dumore Co., 35 F. (2d) 555, 558 (6 C. C. A.);

Trappey v. M'Ilhenney Co., 281 F. 23, 27 (5 C. C. A.).

Even if doubt existed, it should be resolved against the newcomer in the plaintiff's field. (*Goodrich v. Hockmeyer,* 40 F. (2d) 99 (C. C. A.).

MILONAS' CONDUCT FRAUDULENT.

As we read this record, and even as shown by the findings of the trial Court which we have quoted above, it is at least difficult to know how the defendant is brought within even the type of exception stated in the *Fleming* case.

Whether Milonas took the advice of the printer Roesch to adopt the mark and let it go at that, or whether in collusion with Roesch, he adopted it, knowing how close he was getting to the plaintiff's mark by appropriating the "dominant" word "Glow" (Finding No. XXI supra) (perhaps hoping to escape by substituting "Alpen" for "Golden"). We nevertheless have the situation that Milonas first tried to get permission to use the name on his own beer, and was denied such permission.

Louis Roesch, who was called as a witness for plaintiff in rebuttal, testified (R. 152 et seq.) that his firm had been making labels for plaintiff Golden West Brewing Company for a long time, and that his firm made the original "Golden Glow" labels in 1925 for plaintiff.

Concerning the adoption by defendant of the latter's "Alpen Glow" mark he said (R. 153-155):

"Mr. Milonas came out to see me about putting out some beer, and he wanted to know about a branding; so we sat down, and I had some different names that I had gathered. In all label businesses, we have a library of names. * * * I had several names there such as 'Alpenweiss', 'Alpenbrau', * * * 'Alpen Gold'; **and all of a sudden we said 'Alpen Glow'.** * * * **Mr. Milonas and I said that,—'Alpen Glow'; I don't know—anyway, he said, 'That's the name'.**

Q. Did he say he liked that name?

A. Yes.

Q. That he would like to adopt it for his beer?

A. Yes.

Q. Then what did you say?

A. So then I more or less thought a minute; I said: 'Now just a minute', I said, '"Alpen Glow". Now, **what I want you to do before you adopt that name, to relieve me of the responsibility, I want you to go over to Mr. Plaut'**—Mr. Plaut was the manager at that time, appointed Manager of the Golden West Brewing Company. * * * **'you come back with his okeh, and we will proceed to make a sketch'.** * * * Then he came back and said that it was all right; that Plaut said it was all right; so then we proceeded to make the sketch. * * *

Q. In other words, as I understand it, you told Milonas you would not accept any responsibility for printing a 'Glow' label until he got the consent of the Golden West Brewing Company?

A. Yes."

Mr. Plaut, who had previously been called as a witness for the defendant, testified (R. 138-139) that for a time about February 1 to July 1, 1933, he was General Manager of the Golden West Brewing Company.

> "It was after February 1st, 1933. Mr. Milonas called on me, I think he was referred to me by a friend, a Vice President of the Bank, who happened to know me and who knew him, and the Bank recommended Mr. Milonas to me because he tried to purchase beer from the Golden West Brewing Company, and he came at his own request, or his own volition, and asked whether he could purchase beer from the Golden West Brewing Company. * * *
>
> Well, as I recollect, I told Mr. Milonas that the Golden West Brewing Company had various agents in San Francisco already and I did not know whether it could have any more, whether I could do anything for him, because we had already three or four different distributors. Finally, we found out it was not feasible to have another distributor for the distribution of Golden Glow; and finally told him that we could not sell to him. Subsequently, he returned with a facsimile of a label,—the same label that is now in question. * * * and he tried to purchase beer under that label from the Golden West Brewing Company. He wanted us to bottle it for him under that label. Due to the shortage by the Golden West Brewing Company, and their inability to give him beer because it had various agents who they had to look out for first, and in so far as he went to other breweries to get the beer to put up under that

> label * * *. He asked me whether I liked the label. The label looked nice. I could not particularly find any reason why the Alps had anything to do with the beer, but he had this label and it looked like an attractive label. I did not approve nor object to it."

It is to be noted that Plaut's testimony utterly fails to corroborate Milonas that the latter, on Roesch's recommendation, went to see Plaut **before the label was made.** As a matter of fact, Plaut's testimony clearly shows that the first time he saw or knew anything about this "Alpen Glow" label was after it was completed and some time after February 1, 1933.

Milonas' own testimony is to the effect that he devised the infringing "Alpen Glow" label some time earlier, and he even had a trademark search made (R. 106-7) as early as December 12, 1932. The search was likewise made on Roesch's recommendation. **Whenever it may have been that Plaut was interviewed concerning this label, the time was after defendant's labels had actually been printed.**

Therefore, the only conclusion deducible from the testimony of Roesch and Plaut is that when Milonas went back to Roesch, Milonas told the latter a deliberate untruth when he said that Plaut had stated that adoption of the infringing label was all right as far as Golden West Brewing Company was concerned. As a consequence, Roesch, relying on this misrepresentation of defendant, proceeded to "make a sketch". (R. 154.)

The point is this: Roesch pointed out the danger of possible infringement and of the probability of certain objections from Golden West Brewing Company. Milonas, only anxious to get a label confusingly similar to the well known "Golden Glow" label, and fearing a sure refusal of permission from Golden West Brewing Company, did not at that time go near any representative of Golden West, but satisfied his conscience by a falsehood.

That circumstance alone, we submit, was the clearest evidence of fraudulent intent and motive. The casual comments of Mr. Plaut, quoted above to the effect that "I did not approve nor object to it" (R. 140) could not excuse Milonas' duplicity or wrongdoing.*

When Milonas entered the field, he knew it was already occupied by plaintiff and was bound to respect the rights there established. (*American Trading Co. v. H. E. Heacock Co.,* 285 U. S. 247.) For thus deliberately violating that right, defendant should account to plaintiff.

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*In any event, Plaut was not in a position to have expressed an authoritative opinion such as to bind the plaintiff because, as shown by the testimony of Mr. Goerl, master brewer, superintendent, and Vice President of the plaintiff:

"Mr. Plaut was never a stockholder of record; therefore, he was never a director, and he just held—He had no interest in the company, but he was there from time to time to supervise the interest of the bank. * * * Mr. White and I did most of the work". (R. 167-8.) Mr. Plaut's connection with the plaintiff terminated in April 1933. (R. 169.) Neither the witness nor the board of directors ever had their attention called to any request for consent from Milonas & Sons, Inc., to use the word "Glow". (R. 168.) Never did Plaut have any authority from the board of directors to give such consent. The fact the first time the witness Goerl had ever heard of this alleged consent Milonas claims Plaut gave him, was here in court at the time of trial of this cause. (R. 168.)

CASES IN WHICH ACCOUNTINGS MAY BE DENIED.

In aggravated cases of laches:

McLean v. Fleming, 96 U.S. 245;
Menendez v. Holt, 128 U.S. 514.

or where no substantial recovery probable (*Gallet v. Soap Co.,* 254 Fed. 802 (2 C.C.A.)); or where defendant's sales have been insignificant (*Societe Anonyme v. Cordial Co.,* 8 Trademark Reporter 128);

or where damages not capable of computation (*Vogue v. Thompson,* 300 Fed. 509 (6 C.C.A.)); or where damages inconsequential (*B.V.D. Co. v. Kaufman,* 123 Atl. 656 (Pennsylvania Supreme Court 1924));

or where no direct competition between the parties (*Horlick's v. Horluck's, Inc.,* 59 Fed. (2d) 13 (9 C.C.A.));

or where no damage because of operation in different markets and, therefore, no competition (*Tillman & Bendel v. California Packing Corporation,* 63 Fed. (2d) 498 (9 C.C.A.)); or where, of course, there is "unclean hands" on the part of a plaintiff (*Worden v. California Fig Syrup Co.,* 187 U.S. 516).

Manifestly, this case does not come within any of the foregoing exceptions or any other exception which would suffice to excuse an accounting. The infringement here has been substantial. The parties have been in active competition in the same market, selling their respective products over the same counter and to the same trade. There is no claim or proof of laches or "unclean hands" on the part of the plaintiff, and as far as known, defendant is well able to respond in any damages that may be assessed.

There is no question but that the defendant has done a tremendous volume of business under its "Alpen Glow" label not only throughout the State of California, but in neighboring states and overseas (R. 128, 142, 143, 146). One distributor alone (Wellman Peck Company), as testified by Charles W. Benedict, handled over 61,000 cases of "Alpen Glow" beer between March 1936 and the date of trial in March 1938. (R. 143.)

A small dealer in the Mission District of San Francisco, Mark Poman, testified (R. 148):

> "Mr. Hackley. Q. About how much Alpen Glow beer do you sell?
>
> A. Alpen Glow, I sold at least a thousand cases a year.
>
> Q. In other words, you have been selling it since when?
>
> A. Since the beer came back.
>
> Q. That was about five years ago. You have sold about five thousand cases?
>
> A. I have sold over one hundred cases a month."

Defendant's infringements have certainly been "substantial" and undoubtedly the recovery of profits would prove to be equally "substantial".

There has been no showing of any sort, and in fact none could reasonably be offered, claiming inability of the defendant to respond in damages.

STATUTORY BASIS FOR ACCOUNTING IN CASES INVOLVING REGISTERED TRADEMARKS.

The statute expressly provides that "complainant **shall be entitled** to recover": see Section 19 of the Trademark Act:

> "* * * **upon a decree being rendered in any such case for wrongful use of a trademark the complainant shall be entitled to recover, in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby, and the court shall assess the same or cause the same to be assessed under its direction.**"

We direct particular attention, at this point, to the words "the complainant **shall be entitled to recover,** etc.", as indicating the mandatory character of the Act, and establishing a right in plaintiff, upon a finding of infringement of valid registered trademarks, to compensatory relief.

This rule is further pointed out in Note 77, page 199, Title 15, U.S.C.A., under Section 96, reading as follows:

> "77. Recovery of Profits.—In theory, a technical trademark, like a patent right, is a species of property and when it is invaded or appropriated, **the owner thereof is entitled,** not only to protection from further trespass but to the recovery of the profits issuing therefrom, as incident to and a part of his property right. P. E. Sharpless Co. v. Lawrence (Pa. 1914) 213 F. 423, 130 C.C.A. 59; M. B. Fahey Tobacco Co. v. Senior (Pa. 1918) 252 F. 579, 164 C.C.A. 495, modifying and affirming (D.C. 1917) 247 F. 809."

Plaintiff's fundamental right to an accounting in the premises is well discussed in the frequently cited leading case of *Hamilton-Brown Shoe Co. v. Wolf Bros. & Co.,* 240 U.S. 251, 60 L.Ed. 629, 634:

> "Having reached the conclusion that complainant is **entitled to the use** of the words 'The American Girl' as a trademark, it results that it is **entitled to the profits** acquired by defendant from the manifestly infringing sales under the label 'American Lady',—at least to the extent that such profits are awarded in the decree under review. The right to use a trademark is recognized as a kind of property, of which the owner is entitled to the exclusive enjoyment to the extent that it has been actually used. McLean v. Fleming, 96 U. S. 245, 252, 24 L.Ed. 828, 831; Manhattan Medicine Co. v. Wood, 108 U.S. 218, 224, 27 L. Ed. 706, 708, 2 Sup. Ct. Rep. 436. **The infringer is required in equity to account for and yield up his gains** to the true owner, upon a principle analogous to that which charges a trustee with the profits acquired by wrongful use of the property of the cestui que trust."

Thus the Supreme Court, in approving *McLean v. Fleming,* supra, affirmed the fundamental right of the complainant, upon the finding of infringement, to an accounting, in the absence of laches; emphasizing that "the infringer is required in equity to account".

THE NINTH CIRCUIT RULE.

Benkert v. Feder et al., 34 Fed. 534; affirmed 70 Fed. 613 (9 C.C.A.), is a leading case in this circuit; and, old though it is, this case is frequently cited with approval in modern authorities.

To quote Judge Sawyer:

> "One who deliberately and knowingly uses another's trade-mark commits a palpable and unmitigated fraud, for which there is no possible excuse. He seeks to avail himself of the good reputation of another's goods, and puts his own goods,—usually, if not always, of an inferior quality,—upon the market, thereby not only fraudulently cutting off the market from the party who has by years of labor, and at great expense, established a reputation which is the foundation of the owner's business, by selling inferior goods under his trade-mark, thereby leading the world to believe that the inferior goods are his." (p. 535.)

Further, the Court said:

> "In my judgment the infringer should **at least** account for the entire profits made upon the goods wrongfully sold with the trade-mark impressed thereon. And this is the rule established, after mature consideration, in Graham v. Plate, 40 Cal. 598; Sawyer v. Kellogg, 9 Fed. Rep. 601. There may also be damages beyond the mere profits resulting to the owner of the trade-mark infringed, which he may recover. See, also, Fed. Trade-Marks, Secs. 237, 246."

Continuing, Judge Sawyer stated:

> "The infringer fraudulently attaching another man's property to his own occasions only a con-

fusion of property with a view of taking advantage of that other's property. The trade-mark sells the whole article, however inferior or injurious in that particular, and prevents the sale of the owner's good of equal amount. At least that is the fraudulent purpose, and the natural tendency, whether always accomplished or not; and the injured party should have at least the whole profit resulting from the wrongful act, and such I understand and hold the rule to be. The damage may be much more arising from destroying the reputation of the owner's goods."

A statement of this Court on the subject is contained in the decision in *Matzger et al. v. Vinikow,* 17 F.(2d) 581, 584:

"But where an injunction is had against unfair competition, willfully conducted by the defendant with knowledge of the plaintiff's rights, an accounting normally follows. Stevens v. Gladding et al., 17 How. 447, 15 L. Ed. 155; Williams v. Mitchell (C.C.A.), 106 Fed. 168; Walter Baker & Co. v. Slack (C.C.A.), 130 F. 514; Sawyer v. Kellogg (C.C.), 9 F. 601."

Similarly, in observing how the term **"entitled"** runs through practically all decisions in finding a right to an accounting, see *Wallace v. Repetti,* 266 Fed. 307, 310 (2 C.C.A.):

"The acts of the appellant here were indulged in, not only before, but **after, full warning and with knowledge of the appellee's rights and its intentions.** The appellant did not at any time modify its business conduct, but continued to infringe; and this was without the acquiescence or

> consent of the appellee. We think that under these circumstances **the appellee was entitled to an accounting.** Garrett & Co. v. Schmidt, etc., Co. (D.C.), 256 Fed. 943; Layton Pure Food Co. v. Church & Dwight Co., 182 Fed. 35, 104 C.C.A. 475, 32 L.R.A. (N.S.) 274."

An old and often cited case arising in the Seventh Circuit is *Williams v. Mitchell,* 106 Fed. 168, where the lower Court was reversed for failing to award an accounting, although an injunction was granted upon a finding of infringement, the Court saying (p. 172):

> "The complainants also assert error in that the decree denied them compensation for past unfair competition. In this respect, also, we think the court was in error. The decree declares that the defendants, by their imitation of the complainants' advertisements, had been guilty of deceiving purchasers and the public into believing that the game boards of their make were the game boards made by the complainants. It declares an invasion of the complainants' rights, and the complainants are **entitled,** upon proper proof, to compensation to the extent of the invasion."

The specific doctrine above cited was followed by the 8th Circuit Court in *Wolf Bros. v. Hamilton-Brown Shoe Co.,* 206 Fed. 611, affirmed 240 U.S. 251, discussed supra, where, in quoting *Williams v. Mitchell,* supra, the Court said:

> "'The complainants are **entitled,** upon proper proof, to compensation to the extent of the invasion.'"

See also *"Hopkins on Trademarks"*, 3rd Edition, page 454:

> "It is a general rule in the law of unfair trade as well as in patent law, that where an infringement is admitted or proven, plaintiff is entitled to a reference for an accounting as a matter of right." (Citing *Oakes v. Tonsmierre,* 49 Fed. Rep. 447-453; *Campbell Printing-Press Co. v. Manhattan R. Co.,* 49 Fed. Rep. 930-932; *Fisk v. Mahler,* 54 Fed. 528; *Standard Cigar Co. v. Goldsmith,* 58 Pa. Super. Ct. 33.)

Under all prevailing circumstances plaintiff was entitled to recover damages and profits, as a matter of law, as a direct corollary to the finding of willful trademark infringement.

As we read Section 19 of the Trademark Act of February 20, 1905, quoted supra, it would appear mandatory that the plaintiff shall recover damages or profits, or both, as the case may be, where an injunction for trademark infringement has been found and where there are no extenuating circumstances that would make an accounting inequitable or futile.

Merely to enjoin further use by defendant of a mark after the defendant has built up his business at the expense of the plaintiff and has become established and derived all of the benefits that could accrue from his infringement, is substantially an idle gesture. All the defendant need do is print some new labels and go on unscathed, from the point where the Court left the matter. Such a rule can only be an ineffectual deterrent in trademark cases.

In a patent case, for example, on the other hand, an injunction may put a man right out of business by making him stop using the infringing machines or processes, but not so with trademark cases. One of the objects in the award of damages in trademark infringement was and is to provide additional penalties for infringement of trademarks that had been registered. Without liability for damages or profits, the Act holds no real terror for the infringer.

It is to be remembered that this is primarily a case of **infringement of a registered trademark**; "unfair competition" being incident thereto.

POSSIBLE DISTINCTION BETWEEN CASES CONCERNING A REGISTERED TRADEMARK AND UNFAIR COMPETITION CASES.

That there is some distinction between "trademark" and "unfair competition" cases in the matter of accounting is no doubt true. While in unfair competition cases the allowance of damages and profits is discretionary, in cases of trademark infringement it is mandatory. This is stated in *Sharpless Co. v. Lawrence,* 213 Fed. 423 (3 C.C.A.) where it was said by Judge Gray at pages 426-427:

> "In theory, a technical trade-mark, like a patent right, is a species of property, and when it is invaded or appropriated, the owner thereof is entitled, not only to protection from further trespass,

but, to the recovery of the profits issuing therefrom, as incident to and a part of his property right. In suits for unfair competition, on the other hand, the complaint is not of an appropriation of a property right, but of a tort committed by the defendant, in that his conduct has been unlawful by reason of the consequential injury to the plaintiff.

* * * * * * *

What we conclude from the cases cited is, that courts of equity in cases of unfair competition may, upon what seems to them sufficient grounds, include in their decrees an accounting of profits as well as an award of damages. We think, however, that the distinction between a decree for the recovery of damages and one for the recovery of profits, should not be lost sight of, and in general is not lost sight of, and that the latter is not included in the former."

In substantial recognition of this distinction, the 8th Circuit Court of Appeals, in *Hamilton-Brown Shoe Co. v. Wolf Bros.*, 206 Fed. 611 (affirmed 240 U.S. 251, supra), said:

"In strict trade mark cases the infringer is held to account for profits acruing because of the unauthorized use of the property right; and unfair competition in trade may, under proper conditions, entitle the injured party to the same measure of relief." (Citing numerous cases.)

Further support for the contention that Section 19 is intended to be mandatory is furnished by comparison with Sections 20 and 22 (15 U.S.C.A. 100, 102), which provide that the Court "may" order the destruction of infringing labels, etc., and the cancellation of the infringing trademark.

The Copyright Act contains similar mandatory and separate discretionary provisions, and they have been construed accordingly by the lower Courts. Section 40 (17 U.S.C.A. 40) provides that "full costs shall be allowed", and that the Court "**may** award to the prevailing party a reasonable attorney's fee"; and in conformity with the language, it has been held that, while the allowance of an attorney's fee is discretionary, the award of costs is mandatory. (*Witmark & Sons v. Pastime Amusement Co.,* 298 Fed. 470, 483, affirmed 2 F.(2d) 1020 (C.C.A. 4); *Fred Fisher, Inc. v. Dillingham,* 298 Fed. 145, 152 (S.D. N.Y.)

The allowance of damages and profits is an important and essential feature of the scheme of the Trade-Mark Act. Injunctive relief alone is not sufficient deterrent against infringement, as this case amply illustrates.

Is the only penalty which a defendant incurs from willful trade-mark infringement to be that it shall cease such infringement when the highest Court has ruled against it? Can it meanwhile engage in a profitable piracy with impunity?

If the allowance of damages and profits was discretionary on the matter of unfair competition, the District Court, had it found unfair competition, might properly have exercised its discretion in favor of the disallowance of an accounting for that phase of the case. Under all the circumstances, however, it would seem difficult for the Court to have justified such refusal, under the law.

As stated, we believe that the allowance of damages and profits is mandatory under the Trade-Mark Act, particularly where the Court has found, as in this case, that the trademark infringement was willful.

The Third Circuit Court of Appeals, in an appeal similar to that presented here, modified the opinion of the lower Court, to decree an accounting in *Fahey Tobacco Co. v. Senior,* 252 Fed. 579, where it was said (p. 581):

> "Therefore, since the defendants have infringed the plaintiff's **trade-mark, profits as well as damages** are recoverable, and the decree should be modified accordingly. Hamilton Shoe Co. v. Wolf Bros., 240 U.S. 251, 36 Sup. Ct. 269, 60 L.Ed. 629; Hanover Co. v. Metcalf, 240 U.S. 403, 36 Sup. Ct. 357, 60 L.Ed. 713."

UNFAIR COMPETITION.

It would seem, under all the evidence, that the Court should have found that the defendant, by virtue of, and in addition to its infringement of the technical trade-mark involved, had also been equally guilty of unfair competition.

That these two causes of action are properly joined together has been estabilshed by the Supreme Court in the *Oursler* and *Nu-Enamel* cases (*supra,* p. 4).

Armstrong Paint & Varnish Co. v. Nu-Enamel Corp., ... U.S. ......, 83 L.Ed. 183 (decided Dec. 5, 1938).

This case in itself is ample authority for reversing the lower Court in its refusal to decree that the defendant had been guilty of unfair competition. There the Court said at page 193:

> "The rights of Nu-Enamel Corporation to be free of the competitive use of 'Nu-Enamel' may be vindicated, also, through the challenge of unfair competition, as set out in the bill. The remedy for unfair competition is that given by the common law. The right arises not from the trade-mark acts but from the fact that 'Nu-Enamel' has come to indicate that the goods in connection with which it is used are the goods manufactured by the respondent. When a name is endowed with this quality, it becomes a mark, entitled to protection. The essence of the wrong from the violation of this right is the sale of the goods of one manufacturer for those of another."

As the Supreme Court said in *International News Service v. Associated Press,* 248 U.S. 215, 236:

> "Obviously, the question of what is unfair competition in business must be determined with particular reference to the character and circumstances of the business. The question here is not so much the rights of either party as against the public, but their rights as between themselves."

It has been frequently held that the common law charge of "unfair competition" is broad enough to embrace the principles relating to trademark infringement. A comparatively recent case on the subject is *Esso, Inc. v. Standard Oil Co.,* 98 Fed. (2d) 1, in which the Court said (pp. 5-6):

> "It was not necessary to show that any person had been actually deceived by the defendant's use of the trade-names or trade-marks in question and led to purchase its goods on the belief that they were the goods of plaintiff. Queen Manufacturing Co. v. Isaac Ginsberg & Bros., 8 Cir., 25 F. 2d 284; Layton Pure Food Co. v. Church & Dwight Co., 8 Cir., 182 F. 24. The court, however, found this to be the fact, and this finding is sustained by the evidence. The court found, and the evidence clearly shows, that deception will be the probable result of defendant's act, and this was sufficient to establish a case of unfair competition and of infringement. The law of trade-marks is so closely allied to that of unfair competition that it has often been said to be a part of the common law of unfair competition."

INFRINGEMENT AGGRAVATED BY PRICE CUTTING.

As pointed out above, the Court found (R. 41, Finding XX):

> "That beer marketed by defendant under the trademark 'Alpen Glow' is sold for a price less than that of plaintiff's beer."

And, further (R. 41, Finding XXI):

> "That the dominant feature of plaintiff's marks, as well as of defendant's mark 'Alpen Glow', is the word 'Glow'.

From those findings no appeal has been taken therefore, defendant must be deemed to have acquiesced therein. Not only is price cutting an element of injury for which a remedy exists, but also it is an aggravation of injury otherwise suffered. In this regard a brief reference to the testimony may not be out of place at this point.

One of the witnesses for defendant was Chas. W. Benedict, General Manager of the well-known firm of Wellman Peck Company, who testified (R. 142) to the sale by his company between March 1936 and the date of his testimony which was on March 26, 1938, of some 61,490 cases of defendant's "Alpen Glow" beer. He also testified that they also handled a small amount of "Golden Glow" beer but the demand was heavy for "Alpen Glow" beer. At R. 143, Mr. Benedict testified that they paid $1.75 for "Golden Glow", plaintiff's product, and $1.55 for "Alpen Glow", defendant's product; the resale price being $2.10 for "Golden Glow" against the cut-price of $1.90 for "Alpen Glow".

The witness further testified (R. 147):

> "We sell more Alpen Glow than all the rest of the brands put together,—of some ten other brands I carry in my store,—on account of the quality and price. * * * We always figure to make the same amount of profit."

Since profits depend on sales, the more sales naturally more profit; the more sales, in turn, being determined by the lower price coupled with the advantage of a brand found to be infringing without appeal herein.

"Price cutting" is the indelible mark of the "chiseler".

The witness, who is in a good position to know, stated (R. 143) that the competiton in the class of stores in which "Alpen Glow" is sold is very keen on the price of beer and that a few cents' difference in the retail price makes a big difference in the sale.

> "Q. Your Alpen Glow sales are very definitely more on account of price, are they not,—a lower price than the Golden Glow?
> A. Yes."

This cutting of price, of course, is an aggravation of the infringement and would fully justify a finding of **treble damages**.

Another witness who testified to cutting of prices and a greater demand for the low price "Alpen Glow" beer was a fellow countryman of Mr. Milonas named Mark Poman, a grocer at Sixth & Howard Streets (R. 146). He sells at least one thousand cases of "Alpen Glow" beer per year (R. 148) as against seventy-five to one hundred cases of "Golden Glow" per year.

As this Honorable Court said in the Gold Dust Twins case, *Fairbanks v. Luckel,* 102 Fed. 327, speaking by Judge Hawley:

> "The fact that 'Gold Drop' was sold to retail dealers for a less price furnished an incentive and inducement to retail dealers to dispose of 'Gold Drop' instead of 'Gold Dust' as they thereby gained a greater profit for themselves."

From all the cases it is clear that relief may be granted on a finding that the acts of the defendant in unfair competition or in the narrower field of trademark infringements, are such as to establish "the probability of confusion by customers". Where that is found to exist then, of course, relief must be accorded including the inevitable conclusion that the principles applicable to accountings in trademark infringement cases will, under proper circumstances such as presented here, be followed in cases involving unfair competition. (*Winget Kickernick Co. v. Kresge Co.,* (supra), 96 Fed. (2d) 978 (8 C.C.A.)

GOODS OF THE SAME DESCRIPTIVE PROPERTIES.

It has been seen that the plaintiff not only adopted its "Glow" marks during the Prohibition era and applied them to non-alcoholic beverages, but that it actually registered "Golden Glow" as a trademark in the United States Patent Office, all as provided by law. (Exhibit 1.) During this Prohibition period and between the years 1925 and April 6, 1933, plaintiff did an actual business under the brands in question on **non-alcoholic beverages** in the amount of $2,553,695.37 (R. 73), plaintiff's Exhibit 24.

Certainly it would be unjust to permit defendant, a wilful infringer, simply to drop the use of this mark on beer of legalized alcoholic content and put it on a non-alcoholic beverage, whether it was a de-alcoholized malt drink, rootbeer or soda pop. They are all beverages and they are intermingled and dispensed indiscriminately to the public and are indiscriminately consumed. There are hundreds and thousands of other names that defendant could use and not tend to fool the public into believing that the spurious "Glow" products emanated from plaintiff.

THE DEL MONTE CASE (34 Fed. (2d) 774 (9 CCA)).

Of course there are cases where distinctions have been made between beer and ginger ale, and the like, but they do not possess such a set of facts as we have here. There is no more reason why plaintiff should not, just as defendant has done, expand its trade into the soft drink field. Such expansion, as a matter of fact, would be fully within the contemplation of numerous cases in the books, among which we only need to refer to the controlling case here of *Del Monte Special Food Co. v. California Packing Corp.,* 34 Fed. (2d) 774 (9 C.C.A.).

It is not necessary to quote from that case because the facts there and the authorities cited are so apt that we desire to direct your Honors' attention to Judge Wilbur's opinion in that case and particularly to pages 774 and 775 and the first paragraph of page 776 as though we had set the matter out in full here.

In conclusion, we submit that the decree of the lower Court be modified to include unfair competition within its scope; to grant to plaintiff an accounting for trademark infringement and unfair competition; and to provide that the injunction and accounting shall run not only to malt beverages but also to non-alcoholic beverages manufactured and sold by defendant, and bearing the infringing trademark.

Dated, San Francisco,
April 21, 1939.

Respectfully submitted,
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